

Questions and Answers

Calculation and Reporting Jobs under the Recovery Act Webinar June 1, 2010

Webinar Description

The California Recovery Task Force, in partnership with the California Department of Education, presented a webinar to clarify how jobs should be calculated and reported under the American Recovery and Reinvestment Act. The webinar, held on June 1, 2010, was directed to local educational agencies (LEAs). Therefore, the examples used in the webinar and some of the questions below may be specific to education agencies.

The following questions were received from attendees of the webinar. The answers are based on the California Recovery Task Force's interpretation of Office of Management and Budget Memorandum (OMB) M-10-08 issued Dec 18, 2009. Recipients of ARRA funding are strongly encouraged to read OMB's memo which is available on OMB's website at: http://www.whitehouse.gov/omb/assets/memoranda_2010/m10-08.pdf

If further clarification is needed, recipients should request guidance from the agency that awarded or sub-awarded the ARRA funds, such as the federal agency or state agency.

Per OMB M-10-08, the formula that should be used to calculate FTE is:

$$\frac{\text{Total number of hours worked and funded by Recovery Act within Reporting Quarter}}{\text{Quarterly Hours in a Full Time Schedule}}$$

Note: If a question or answer below refers to the FTE calculation, it is assumed that it is referring to this formula.

General Methodology: Q & A

Question: Some of our employees will be entirely funded by ARRA. Other employees will be partially funded at 5%. Some employee hours will vary throughout the year. Which method should be use?

Answer: In this scenario, actual hours worked and funded may be different each quarter. Therefore, the general method would be the appropriate method to use.

Question: If you are paying nonpublic schools to educate special education students, one student contract multiplied by number of days per month could determine an hourly base. But, we don't know how many students are taught by each teacher. Are we required to report FTEs?

Answer: Job estimates should include all hours worked and funded by ARRA to the maximum extent practicable. If the nonpublic school is able to provide a percentage of ARRA funded students to total students in the classroom, this percentage could reasonably be used to estimate FTE. If ARRA funded hours cannot be reasonably estimated, then the hours should not be included in the FTE calculation.

Question: How do we account for disproportionally using the ARRA funding, especially from preschool funds?

Answer: As long as actual hours worked and funded by ARRA are included in the FTE formula, how the funds are used proportionally should not impact FTE reported.

Question: Under the general calculation, is the hourly salary expense calculated based on wages and benefits?

Answer: If hours worked and funded by ARRA are estimated based on salary expense, it is recommended that salary expense include both wage and benefit costs. This is because the total of wages and benefits represents a more accurate picture of the cost of funding labor hours.

Question: We have shifted funds to an ARRA funded program, how do we deal with the transfer of expenditures if they include salaries? How do we calculate FTE?

Answer: ARRA funds need to be tracked and reported on separately. When calculating the FTE, it may be easier to think of it as purely salaries paid with ARRA funds without any regard to why or what funds were transferred.

Question: Positions are not directly funded with ARRA funds. Instead the salary expenditures are captured and then reimbursed with ARRA funds. Is this allowed and how are these FTE counted?

Answer: Since the hours worked are ultimately funded with ARRA funds, it is appropriate to include those hours in the FTE calculation. Preferably, the entity knows that the hours worked will be reimbursed with ARRA funds at the time the labor is performed. In that case, the hours worked are appropriately counted during the quarter the labor expense has been incurred.

Question: We have MOUs/contracts with LEAS that we have funded with ARRA funds. Please confirm if the FTEs associated with the MOU/contract should be counted under the classified/certificated FTEs or vendor FTEs

Answer: Is your question referring to one LEA that enters into a MOU/contract with another LEA? If so, the categorizing of the FTEs would depend on the nature of the MOU/contract—whether the LEA receiving the funds would be considered a vendor or a sub-grantee. A sub-grantee provides services supported by the grant. For example, a SELPA payment to a constituent school district or to a nonpublic school for special education services would be considered a payment to a sub-grantee, and as such, the FTEs would be included in the sub-recipient's classified and certificated FTEs totals. A vendor is defined as a dealer, distributor, merchant or other seller providing goods or services that are required for the conduct of a federal program. (OMB Memo M-09-21)

Question: If a teacher is 1 full FTE paid with ARRA, how can I report 1 FTE each quarter? Wouldn't that over report if you add up all the months?

Answer: Reported FTE represents a full time position for a specific timeframe only. Under OMB's guidance, 1 FTE is 1 full time position for the current quarter only. One FTE reported for four consecutive quarters more appropriately represents 1 full time position for 4 quarters. Remember, jobs are looked at on a quarterly basis, not cumulatively.

Question: To clarify, jobs retained no longer need to be jobs that were going to be eliminated? They only need to be jobs that are now funded by ARRA? Does this mean we don't have to have supporting documentation that the jobs were going to be eliminated?

Answer: Under OMB M-10-08, the definition of jobs retained was changed to reflect existing filled positions that are funded by the Recovery Act. Therefore, it is not necessary to demonstrate that a position would have been eliminated if Recovery Act funding had not been received.

Question: In the first quarter reporting, we reported that we saved 5 FTE. The second and third quarter we reported 0 because there were no changes to the FTE already reported. How do we report fourth quarter now?

Answer: Entities calculate FTE based on the hours worked and funded in the current reporting quarter. FTEs should reflect actual hours worked and funded with ARRA funds in the reporting period, not incremental changes to numbers reported in the prior period. If hours were worked and funded in the fourth quarter, then they should be included in the fourth quarter FTE calculation.

Question: How do we report FTE for teachers hourly? Example, they worked the month of June, but were paid in July?

Answer: Subrecipients should report the expenditures or obligations in the quarter in which the expenditures or obligations are made. In accordance with the *Education Department General Administrative Regulations (EDGAR) Code of Federal Regulations (CFR)*, Title 34, Part 76.707, an obligation for personal services by an employee of the LEA is considered to be a legal obligation when the services are performed.

Question: Should we count substitute costs proportional to an FTE?

Answer: The substitute's actual hours worked and funded by the Recovery Act should be included in the FTE formula.

Question: If half the people are 6 hour positions and the other half are 8 hour positions, can I use the same FTE equivalent for both, or do I have to stratify?

Answer: If both the 6 hour position and the 8 hour position are considered full time, then you will need to stratify since the number of hours in a full time schedule (the denominator) will be different for each position. If, however, the number of hours in a full time schedule is the same for both positions, then all hours worked and funded are added together to determine the numerator in the FTE calculation.

Question: We have 1 position (1 FTE) that would have been eliminated. With ARRA funding, we were able to fund 6.5 months of that position and the remaining months were funded from other programs. Will the FTE calculation be based on the 6.5 months only?

Answer: The FTE calculation is based on the number of hours worked and funded by ARRA in the current reporting quarter. Therefore, only the hours worked in the 6.5 months that were paid for with ARRA funds in this reporting quarter are included in the FTE calculation.

Definite Term Methodology

Question: If ARRA is paying for 3 exempt employees, would we simply report 3 FTE or do we need to keep track of hours? Their contract goes from June to June, so it seems like I could use the definite term method.

Answer: If ARRA funds are dedicated to fund 3 full time positions for a definite amount of time, in this case June through June, and then the definite term method is an allowable method. Actual hours worked would not need to be tracked as long as 3 full time positions were funded each reporting quarter

Question: With the new fiscal year approaching, I assume it's okay to report a change in FTE. For example, there are 20 certificated jobs funded by ARRA now. But the number will significantly reduce in 2010-11.

Answer: If you are starting a new definite term, then you may recalculate your FTE. The new FTE would then be reported for each quarter of the new definite term.

Question: If a district has been using the definite method in 2009-10, can we switch to the general method in 2010-11?

Answer: If you started with the definite term method, you should continue with that method until the end of the definite term. Once the term has ended, you may switch to the general method for calculating FTE. For example, you may have calculated FTE based on a term of July 1, 2009 – June 30, 2010. For hours worked after June 30th, you may calculate FTE using the general method since the definite term has ended.

Question: Using the definite method, shouldn't 100 teachers be 100 FTE for each reporting quarter? Would that change if the "term" ended on June 15 and the reporting quarter ended on June 30?

Answer: Yes, generally once you've calculated your FTE as 100, it will not change during the course of the definite term. If however, the term ends or begins on a date that's different than the reporting quarter, you may find that the FTE calculation is different. For example, if the definite term ended on June 15, but the reporting

period is April 1 - June 30, you'll need to calculate the number of hours worked and funded from April 1 through June 15 and divide that by the number of hours in a full time schedule for April 1 – June 30.

Question: May LEAs using budgeted FTE, meaning an ARRA funding percentage has been established and then the funding percentage is applied to budgeted FTE?

Answer: A district may use ARRA funding as a percentage of budgeted positions to estimate the jobs impact, or FTE. It is important that the district be able to support that ARRA was used to fund actual hours worked each quarter, even if budgeted positions changed.

Question: Through the definite term method, I originally funded and reported 16 FTEs, but at year end, I found that I have enough to fund 17 FTEs. Can I change in the final report quarter?

Answer: Under the definite term method, the FTE formula remains the same:

$$\frac{\text{Total number of hours worked and funded by Recovery Act within Reporting Quarter}}{\text{Quarterly Hours in a Full Time Schedule}}$$

If the hours worked and funded in the current reporting quarter represent 17 FTE, then 17 FTE should be reported.

Vendor jobs

Question: How do you calculate vendor jobs when the vendor is not willing to provide any information on jobs saved/retained?

Answer: Prior to awarding the contract, it's useful to have a discussion with the vendor or include a clause in the contract that would require the vendor to provide job data. However, if this wasn't done and if the vendor is unwilling to provide the information, then a review of the contract and vendor invoices might provide sufficient information to estimate jobs. If those documents don't provide sufficient information, and the vendor is unwilling to provide the data, then vendor jobs shouldn't be reported.

Question: Do we need to calculate jobs created/retained if we purchase software licenses or equipment? What if we're purchasing an internet service?

Answer: Typically vendors that provide equipment, licenses or supplies would not be able to distinguish which employee hours were directly funded with ARRA funds. Therefore, unless the contract is significant or the job impact is significant, you would not collect job data for these types of contracts.

Question: For vendor jobs, do we need to know the monetary value of the FTEs that are created or retained?

Answer: No, OMB does not require you to obtain or report the monetary value of any vendor job that is funded with ARRA funds.

Question: We were told that we could purchase some supplies with ARRA dollars, is this still the case? We were never told that we would have to report the Vendor's FTE.

Answer: Depending on the restrictions on the particular program funded with ARRA funds, using the funds to purchase supplies would be allowable. Please check with your awarding agency. Since vendors that provide supplies or equipment are usually not able to distinguish which of their employee hours are directly funded by ARRA, it is not necessary that you obtain FTE information. (For vendors that provide services other than supplies or equipment, subrecipients should report vendor FTEs.)

Question: We purchased materials for fencing through ARRA and the hours for the installation of the fencing through the state portion of the grant. Do we have to report the vendor hours even though only the materials were charged to the ARRA funds?

Answer: Since ARRA funds were not used to pay for labor, job data wouldn't be reported.

Question: One of our vendors teaches our students as well as other district students. How would this vendor calculate the FTE for our student/cost?

Answer: You may be able to estimate the job impact by using the percentage of ARRA funded students to total students in the class. For example, the class has a total of 20 students and 3 are paid for with ARRA funds. The vendor teaches the class 6 hours a day for 8 weeks. You would multiply the total number of hours by the percentage of ARRA funded students.

$$(6 \text{ hours} \times 8 \text{ weeks}) \times (3 \text{ students} / 20 \text{ total students}) = \text{total hours worked and funded by ARRA}$$

$$48 \times .15 = 7.2 \text{ hours worked and funded by ARRA}$$

For purposes of Section 1512 reporting, these hours would be converted to FTEs by dividing the hours by the total number of hours in a full-time schedule for the reporting quarter.

Question: If using ARRA funds to pay for materials and supplies that would "free up" other funding, can we count a salary paid for with the "freed up" funds?

Answer: No, since the ARRA funds were not directly used to pay for the salary, you do not include the "freed up" hours in your FTE calculation.

Updating Current Data

Question: Will we be allowed to revise prior quarter's FTEs?

Answer: OMB will accept updated data only through the end of the continuous QA period. The QA period ended June 14, 2010 for the prior reporting period. Data reported in prior quarters, January 2010 or October 2009, cannot be updated.

Question: If you have over reported FTE in previous quarters due to the switch from cumulative to quarterly calculations, how should you correct it at this point? Should LEAs decrease this quarter's calculations to correct the over reporting?

Answer: FTE reported in the current quarter should not be adjusted due to the switch from cumulative to quarterly FTE calculations. OMB is aware that the change in FTE methodology resulted in job numbers that can't be compared between the first reporting period and the current reporting period. The current quarter's reporting should only include hours worked and funded April 1 – June 30, 2010.

Question: Do we have to go back and update the quarters to correctly reflect this information you've presented?

Answer: If possible, job numbers should be updated if reported incorrectly. For prime recipients, updated data can be reported to FederalReporting.gov up to June 14, 2010. For sub-recipients, please contact the awarding entity to ensure they are prepared to accept updated data.

Question: Will the previously reported figures be superseded by the jobs reported in the quarter ended June 2010?

Answer: For job numbers, each reporting period represents the current reporting period only. Subsequent data does not supersede prior reported data, but instead is a representation of the job impact for the current quarter. Data from prior reporting periods is still available and can be accessed on the federal Recovery website, www.Recovery.gov.

Question: On a previous conference call, it was recommended that any corrections using this FTE calculation can be adjusted on the next reporting cycle so long as we keep track of what the adjustments are for. Am I hearing this is not the case?

Answer: The federal government has implemented the continuous quality assurance (QA) reporting period which allows recipients to update data up to 6 weeks after the end of the reporting month. Therefore, it is recommended that any adjustments should be made during the QA period.

Question: If we reported total FTEs for the year in the first quarter, should we now change and report the amount worked and funded in just the 4th quarter?

Answer: The fourth quarter FTE calculation should be based on the number of hours worked and funded for the period April 1 – June 30. OMB understands that there were many Recovery Act fund recipients who were confused over how jobs should be calculated in the first reporting period. That data may or may not be available for correction in the future. But, regardless, FTE should now be calculated based on hours worked and funded in the current quarter.

Question: How do we report this quarter if we did not report prior quarters? Can we report the total amount this quarter?

Answer: Prime recipients that did not report in prior quarters should contact the federal agency that awarded the ARRA funds. They should also register at FederalReporting.gov. Sub-recipients that have not reported should contact the state agency that awarded the ARRA funds. Generally, all data, except FTE, are reported on a cumulative basis. So, total amounts can be reported. Job data should reflect the current quarter only.

General Questions

Question: Please clarify the statement that any ARRA dollars used to support salary for an existing position will be considered a “retained” job to be counted and reported. Does this hold true for any ARRA direct funds from the feds or just CDE awarded funds?

Answer: OMB has defined a retained job as any existing position that is now funded with Recovery Act funds. This definition applies to all prime recipients, sub-recipients, vendors and sub-grantees of ARRA funds, not just those associated with the California Department of Education.

Question: Does this mean we will no longer estimate pay to the end of the quarter?

Answer: Many sub-recipients and vendors are required to supply FTE or expenditure data prior to the end of the quarter to allow the prime recipient sufficient time to gather and report data to FederalReporting.gov. Therefore, it may be appropriate to estimate hours worked and funded through the end of the quarter.

Question: Are nonpublic agencies and nonpublic schools considered sub sub-recipients? We have more than 40 NPSs and NPAs that we fund through IDEA ARRA funds. How do we report job data for these?

Answer: A SELPA payment to a constituent school district, a nonpublic agency or a nonpublic school for special education services would be considered a payment to a sub-grantee. Sub-grantee jobs should be reported as classified or certificated jobs, as appropriate.

Question: Our ARRA contract was completed July 2009. Do we still have to report?

Answer: Once ARRA funds are fully expended and the project/activity is complete, OMB does not require any further reporting by the prime recipient.

The California Department of Education (CDE) has asked that all subrecipients complete the Section 1512 report for this quarter, even if they have expended all of their funds in a prior quarter. The CDE anticipates revising the

ARRA Reporting and Data Collection System for the next quarterly report so that subrecipients that have expended all of their funds in a prior quarter will no longer need to report.

Question: Do ARRA funded contracts need to be with vendors whose principal place of performance is in CA? In US?

Answer: The Recovery Act contains language that requires ARRA funding be used to buy certain materials or goods manufactured in America. Please contact the awarding agency for specific details on whether these provisions apply to your award.

Question: The cut-off date for reporting does not allow us to capture expenditures for a full quarter period. Example the April-June 30 data is due June 11. Do you report June expenditures next quarter?

Answer: The California Department of Education (CDE) recognizes that the deadlines for submission of information are before the end of the reporting period, which will preclude submission of final data for the reporting period. If good estimates are available for funds expended or obligated through the end of the reporting period, then use them. If you must “cut off” at the end of the previous month, then do so. Since expenditure reporting is cumulative, the expenditures will be captured in the next reporting period.

Question: CDE told me nonpublic school costs can be charged to ARRA. I read that NPS is not a vendor. Does that mean I won't have to report FTE?

Answer: A payment to a constituent school district, a nonpublic agency or a nonpublic school for special education services would be considered a payment to a sub-grantee, so the FTEs must be reported. Sub-grantee FTEs should be reported as classified or certificated FTEs, as appropriate.

Question: I have accessed my records on the federal website and my jobs number is blank. Who do I contact?

Answer: If you are a prime recipient, please review your data on Federal Reporting.gov and contact their help desk if you have questions. If you are a sub-recipient, your job data is included in the total number of jobs reported by the prime recipient. Therefore, you wouldn't see a separate number reported for your sub-award.

Question: Please define State, SELPA, District, NPA, NPS in terms of who is the Prime Recipient, Sub-Recipient, Grantee, Sub-Grantee, Vendor etc for FTE and Expenditure reporting.

Answer: For purposes of Section 1512 IDEA reporting, the state is the prime recipient and the SELPA is the subrecipient. School districts that are constituents of the SELPA, and nonpublic agencies and nonpublic schools that provide special education services would be considered sub-grantees.

Question: Clarify cumulative nature of ARRA reporting. Is it from the beginning of ARRA funding to the end, regardless of fiscal years?

Answer: Yes, cumulative data is as of the beginning of the award until the project is complete without regard to fiscal or calendar years.

Question: As a JPA ROC/P, we reimburse district expenditures with our ARRA funds. Originally I was told to list the districts as vendors. Should they be classified as sub-recipients?

Answer: OMB defines a sub-recipient as a non-federal entity that expends federal awards received from another entity to carry out a federal program. A vendor is defined as a dealer, distributor, merchant or other seller providing goods or services that are required for the conduct of a federal program. (OMB Memo M-09-21) If you have specific questions regarding your award, please contact the awarding agency.

Question: If ARRA dollars are used to pay consultants for the Beginning Teacher Program, could these be reportable jobs? Is so, as a sub-grantee or a vendor?

Answer: If the ARRA funds are used to pay for a contract for consultants for the Beginning Teacher Program, the consultants would be vendors, and the associated jobs should be reported as vendor jobs.

Summer Break Questions

US Department of Education has announced that they will be providing guidance on summer jobs soon. Therefore, the answers below may be revised after the guidance is received.

Question: Our teachers are paid in equal amounts for 11 months, but they only work 8 days in June. How would the FTE be calculated for June? Would I use the work hours divided by available work hours during the quarter and report 1 FTE?

Answer: The FTE formula remains the same:

$$\frac{\text{Total number of hours worked and funded by Recovery Act within Reporting Quarter}}{\text{Quarterly Hours in a Full Time Schedule}}$$

Question: Our teachers contractually work 10 months but get paid over twelve months –i.e. one twelfth of their paychecks are withheld over the 10 months period and is paid out in July and August. We have been using the definite method for reporting jobs retained.

Answer: The definite method would be appropriate to use.

Question: It appears that we are under reporting FTES. If we reduce FTE for summer break, shouldn't we reduce for winter and spring breaks?

Answer: The calculation to determine FTE is as follows:

$$\frac{\text{Total number of hours worked and funded by Recovery Act within Reporting Quarter}}{\text{Quarterly Hours in a Full Time Schedule}}$$

Therefore, if the number of hours worked and paid for with ARRA funds in the quarter decreases while the number of hours in a full-time schedule remains the same, the number of FTEs will decrease. In order to accurately calculate FTEs, it may be helpful for subrecipients to review their bargaining unit contracts to see what constitutes a full-time schedule.

Question: How do I report FTE data for teachers who work extended calendar hours during the summer?

Answer: The FTE formula remains the same:

$$\frac{\text{Total number of hours worked and funded by Recovery Act within Reporting Quarter}}{\text{Quarterly Hours in a Full Time Schedule}}$$

Question: Clarify please – a full time teacher contracted to work the entire school year should be reported as 1 FTE each quarter, regardless of the school breaks that fall in each quarter, such as winter or spring break.

Answer: A teacher who works a full-time schedule for the reporting quarter and whose total number of hours worked in the reporting quarter is funded entirely by ARRA funds would be considered 1 FTE.

Question: Please confirm that a teaching position that has different work hours every quarter based on the student calendar and teacher contract would not be reported as 1 FTE each quarter even though the teacher worked 100% of the hours for 1 FTE

Answer: The FTE formula is as follows:

$$\frac{\text{Total number of hours worked and funded by Recovery Act within Reporting Quarter}}{\text{Quarterly Hours in a Full Time Schedule}}$$

Therefore, if the teacher's works a full-time schedule in each quarter in accordance with the stipulations of the bargaining unit agreement and that teacher's salary is paid entirely with ARRA funds, then that teacher would be 1 FTE in each quarter.

Reallocating ARRA Funds to Prior Quarter Salary Expenditure

Question: If we decide to use ARRA dollars this quarter to reimburse salary expenditures incurred in a prior quarter, how do we report FTE? We didn't report the FTE in the prior quarter because we didn't decide to fund the hours with ARRA until now.

Answer: In accordance with the OMB guidance dated December 18, 2009 regarding correction of incorrect jobs numbers, the subrecipient is required to maintain the backup information for those quarters that can no longer be corrected. At some point in time, we will receive information from the federal government on how to report those corrections. The OMB guidance is paraphrased below for your convenience. (See Section 5.10 of OMB Memorandum M-10-08)

Question: When should recipients make corrections to incorrect job estimates and any other incorrect data from prior reporting quarters?

Answer: Corrections can only be made for the reporting quarter (i.e., the most recent quarter). Corrections for prior quarters will be handled as follows:

- Federal agencies subject to this Guidance shall instruct recipients to maintain within their administrative records comprehensive information on any and all necessary corrections to prior quarter data.
- Recipients will be required, at a time and process to be specified in the future, to submit this information to the Federal government, after which the Recovery and Accountability Transparency Board will determine the best approach for making this information available on Recovery.gov.

Consistent with requirements of Section 1512 (c) of the Recovery Act, recipients are required to make corrections to erroneous or missing data submitted in prior quarters. As noted above, this information will not be submitted through FederalReporting.gov at this time. Instead, recipients wishing to make corrections or non-reporters wishing to submit reports for prior quarters shall maintain this information in their administrative records for submission in a manner to be specified at a later date. Any corrections to job estimate totals reported for the quarter ending September 30, 2009 should rely on the definition of a created or retained job included in the prior guidance, OMB Memorandum 09-21, issued June 22, 2009.

Question: With the Tier III reallocation of funds, we are being told to journal expenses to the SFSF funds at year end. Do we report employee expenses in the June 30 quarter?

Answer: Yes, if you intend to journal your SFSF expenses at the end of the fiscal year, include your employee expenses in the June quarterly report.

Question: For the ARRA IDEA MOE reduction, if we didn't report FTEs from the beginning, but are moving expenses for the entire year, will that pose a problem?

Answer: If you are moving expenses which results in ARRA reimbursement of other funds, then FTEs should be reported to the extent that the reimbursement paid salary expenses. ARRA jobs data, as reported in the first and second reporting periods, may not be changed at this time. In accordance with the OMB guidance dated December 18, 2009 regarding correction of incorrect jobs numbers, the subrecipient is required to maintain the backup information for those quarters that can no longer be corrected. At some point in time, we will receive information from the federal government on how to report those corrections.